

Owning modest home better than renting

MORTGAGE SHOPPING



DAVID C. MULLY

making decent money at my job but did not have very much money in the bank. I was young and just did not realize how the benefits of owning my own house

The reasons people rent instead of buying a home are varied. Some of today's renters simply do not realize how easy it can be to own their own home.

Years ago, I was renting a house and home ownership was the last thing on my mind. I was

could help me. Then my neighbor entered their picture. He was a nice older man who showed me how I could buy a house down the street that was for sale. He mentioned that FHA mortgage loans were available where I would not have to put much money down.

He pointed out the tax benefits of buying the house and how they could benefit me. I was wasting my money paying rent while my landlord was gaining most of the benefits. And if my house appreciated in value, it would cost me more to buy the house the longer I waited. At the same time I would lose that appreciation myself. So I talked to a lender and soon became a

homeowner.

The key was that I didn't have rigid expectations on the type of house I could buy. That meant I was satisfied in starting out with a modest home in a decent neighborhood.

Owning my own home seemed to help me have the desire to achieve more in my career, too. Home ownership was the start I needed.

I believe it is better to live in a more modest area and own your own home rather than paying rent. Then you can continue to trade up as you can afford more house along the way, perhaps even making a profit on each house you sell.

The main point is to talk to a

mortgage lender to get a pre-qualification so you will know how much house you can afford. Then check with a Realtor to find out what's available in that price range.

Keep your expectations realistic. If you need to, make the sacrifices in what you want in that first house so you can gain the benefits of home ownership and buy a nicer house later.

The deduction for interest paid on a home loan and the cost of property taxes are most people's biggest tax deductions. You would be surprised at how much money these two deductions put in your pocket.

The monthly house payment may not seem so big if you take

into account the smaller size of your refund check at the end of the year. Keep this in mind when a lender quotes you a house payment and it seems a little high for your budget.

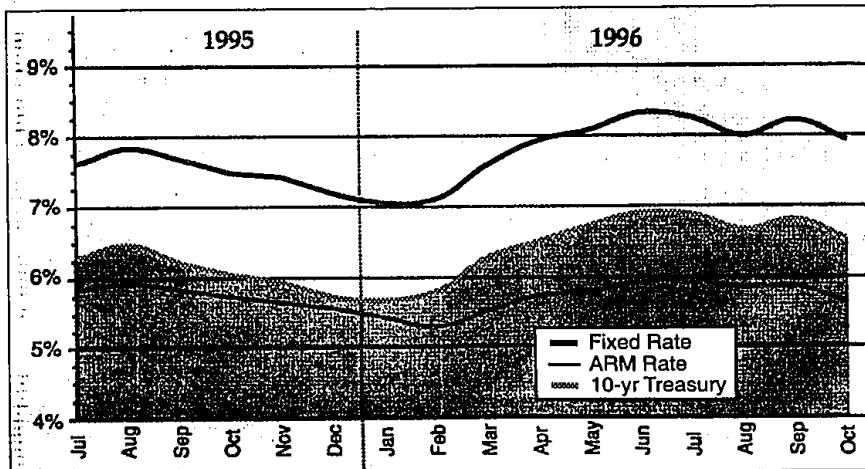
Buying a condominium has the same benefits. Buying a condo can allow you to buy in a nicer area than you could afford for a house because condos are generally less expensive than houses. They may not appreciate as much as a house, but you can still gain a lot of benefits and will be way ahead versus continuing to rent.

Considering these advantages to home ownership if your plan is to save for a few years to buy your first house, why not lower

your expectations a little so you can buy now? To get started you can call me for a free consultation.

David Mully has been writing his weekly "Mortgage Shopping" column for the *Observer & Eccentric Newspapers* since June 1995. He has been involved with residential mortgage lending in the Detroit area since 1988 and is a senior loan officer. For information about a new mortgage, call Mully toll-free at 1-800-445-3051, fax him at 810-380-0603 or send e-mail to egbx04d@prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at <http://16conline.com/~emorgd/mully>

Confidence rises, so does the number of building permits



SOURCE: U.S. HOUSING MARKETS

Mortgage trends: Fixed rate mortgages have tracked slightly higher this year than during 1995.

Confidence in the economy spurred by more jobs offset higher mortgage rates to fuel a residential building boom nationally through the third quarter of 1996.

Single-family building permits across the country were up 2.5 percent July through September compared to the similar period in 1995, according to U.S. Housing Markets, a Canton-based tracking/reporting service.

Through the first nine months of 1996, single-family permits were up 10.6 percent nationally. Some 842,200 had been issued.

In southeastern Michigan, including Wayne and Oakland counties, single-family permits increased 8.4 percent during the third quarter and 15.6 percent through nine months of the year.

The actual numbers were 5,934 for the quarter, 17,097 through the year.

"Nationally, new home sales and construction trends moved independently of mortgage rates in 1996," said Brian Bragg, U.S. Housing Markets editor.

"Lending rates ran above 1995 levels for much of the year, by a half-point or more in most months, but Americans con-

founded the experts with very robust homebuying," he said.

"Steady job formations bred buyer confidence. Subdivision shoppers all but ignored the higher loan rates," Bragg said.

Some 77,000 jobs had been created in southeastern Michigan between September 1995 and September 1996, U.S. Housing Markets reported.

"All suburban sectors of the Detroit metro area have participated in a homebuilding and homebuying boom which will drive single-family permits this year to more than 20,000, the highest level since 1978," Bragg reported.

"The cause? Jobs, jobs and more jobs in an economy largely driven by a prospering auto industry and its spinoffs," he continued. "There is no evidence yet that the Motown hiring binge has topped out."

Job growth here was the third best in the nation, trailing only Dallas and Los Angeles, U.S. Housing Markets reported.

Only Chicago, with 8,060 single-family permits issued during the third quarter, out-paced southeastern Michigan in the Midwest region.

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645-2500

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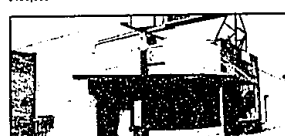
BLOOMFIELD HILLS BORDER BUILT home on 1.5 acre site with pond & river. Marble foyer with double oak staircase & dual balconies. 3 story atrium, 4 fireplaces & many features too numerous to mention. Call for details. \$2,750,000 664435CAR



ALL-SPORTS SYLVAN/OTTER LAKE!! Gorgeous canal front contemporary with dramatic cathedral ceilings and extensive lake-view windows. Four bedrooms, 2.5 baths, over 3000 sq. ft. Three car attached garage, sea wall & dock. \$339,000 659440BEV



HARD TO FIND condo in city of Bloomfield Hills. This first floor unit has 3 bedrooms, 3 baths, security system, attached garage and great storage. Look at all offers. \$199,000 655348WOO



OWNER RETIRING. Fantastic location for retail business. Currently is a party store. \$45,000 658695HIL



MAGNIFICENT GEORGIAN COLONIAL with master suite on 1st and 2nd floor. Great room, 1st floor laundry, lower level maid quarters, walk-out basement, Florida room, rec room, central air & deck. One acre lot. \$679,000 700084DUN



FABULOUS NEWER CONSTRUCTION on Indianwood Lake. Bright, open and white. Cathedral ceiling in living room, large master bedroom with whirlpool tub. Finished walkout. Family room with fireplace. Andersen windows. \$380,000 663536ABS



NICELY DECORATED RANCH with open kitchen overlooking family room with fireplace, 3 bedrooms, rec room and basement office or 4th bedroom. Located on quiet street, close to shopping and expressways. \$124,900 664258BER



SOLID FIRST TIME BUY or income property. Brick three bedroom with half bath in basement. \$62,900 660479ARG



BEST BUY IN BLOOMFIELD. Gracious home on beautiful lot, rimmed with evergreens for privacy. Fantastic floor plan with hardwood floors, 3 fireplaces, enclosed porch, patio and a first floor bedroom with full bath. Bring all offers!! \$425,000 649577NEA



IN-TOWN BIRMINGHAM. Great investment opportunity. 271 ft. deep lot. Add on to existing 1,000 sq. ft. or tear down and build new. Great rental potential as well. \$185,000 663452WAL



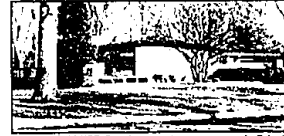
SURROUND YOURSELF IN FALL COLORS in a quiet, private setting on over an acre of property. Updated kitchen, 4 bedrooms, 3.5 baths, library and full basement. We'll be there for you. \$515,977WIG 651597WIG



POPULAR ROYAL OAK LOCATION. Estate sale. 2 bedrooms, 1 bath, full basement, 2 car detached garage, front porch. Fireplace in living room. Price reflects a need for some TLC. \$67,000 663123TWE



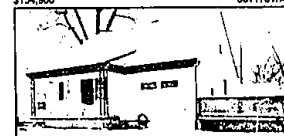
FABULOUS BLOOMFIELD QUAD LEVEL. Custom designed free form in ground pool, four bedrooms plus library/study. New kitchen with built-ins, formal dining room, loft overlooks two story living room. \$539,000 650737VIC



NEW ON MARKET. Spacious contemporary ranch. Private wooded Birmingham setting. Cathedral ceilings, skylights, deck, numerous recent updates include: furnace and central air. \$279,000 665850ARD



STUNNING COLONIAL HOME in Royal Oak. Formal dining room and living room with gorgeous fireplace and mantel. Updated kitchen features all appliances. Wonderful private backyard with small garden area and porch. \$154,900 661173WAS



FIRST TIME BUYER OR QUALITY INVESTMENT rental. Double corner lot, fenced yard. Two and 1/2 car garage. Vinyl siding, finished basement, newer replacement windows. \$67,000 664779BER